**Application number:** 09/396005 **Art Unit:** 3621
**Applicant:** Khai Hee Kwan **Examiner:** James A Reagan
**Title:** Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TO: Commissioner for Patents

Virginia 22313-1450

Sir:

In reply to Office Action Letter mailed on Oct 21, 2004, we respectfully ask the examiner to consider our response below.

Specification - 35 USC 112 ( First Para)

Specification is objected by the examiner. The examiner pointed that the background of the specification (ie 'background art') is unclear, inexact or verbose terms are used.

The Applicant traversed this objection. The examiner pointed to the Background Art as failing to satisfy 35 USC 112 (para 1) but without specifically showing how these terms are not clear, concise and exact or what terms. Furthermore, if the words are unclear, inexact then it is not unreasonable for the applicant to question whether examiner's determination for this Action Letter is qualified. The examiner did not state any qualification.

The Applicant submits that fact that the examiner managed to read 'something' sufficient to continue prosecuting this application in the manner below must surely contradicts this objection on its face. Further, it also stands on the fact that since the examiner must use the skills of one ordinary in the art to read our specification for prosecution purposes,

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then it must means one skilled in the art is able to understood sufficiently to enable and to make and use the same.

The key word in this para 1 is 'enablement' teaching one skilled in the art how to make and use the claimed invention. The examiner did not evidence which part of the claimed invention is not enabling or such that the description words are not clear or concise or inexact such that one skilled in the art is not able to make and use the claimed invention. As stated by the Federal Circuit "…..in terms which correspond in scope to be patented must be taken as in compliance with the enabling requirement of the first paragraph of Section 112 UNLESS there is a reason to doubt the objective truth of the statements contained therein which must be relied on for enabling support…"[A]ny party making the assertion that a US patent application or claims fails, for one reason or another, to comply with Section 112 bears the burden of persuasion in showing said lack of compliance."" ( emphasis added) ( Fiers V Sugano, 984 F.2d 1164, 25 USPQ 2d 1601, 1607 ( Fed Cir 1993) ( quoting In re Marzocchi, 439 F.2d 220,223,169 USPQ 367,369 ( CCPA 1971); Weil v Fritz, 601 F.2d 551,555, 202 USPQ 447,450 (CCPA 1979)).

In a separate occasion, the CCPA has added that the Examiner must also show that undue experimentation would be required to make and use the invention. As stated : " We note that the PTO has the burden of giving reasons, supported by the record as a whole, why the specification is not enabling…..Showing that the disclosure entails undue experimentation is part of the PTO's initial burden…." ( In re Angstadt, 537 F.2d 489, 190 USPQ 214, 219 (CCPA 1976) (citing In re Armbruster, 512 F.2d 676, 185 USPQ 152 ( CCPA 1975).

We respectfully ask the examiner to provide evidence on record to show our wordings are such that one skilled in the art would not be able to understand sufficiently to enable the claimed invention.

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Claim rejections- 35 USC 112 ( Second Para)

Paragraph refers to numbers on page 7 of action letter.

At paragraph 7, the examiner stated that Claims 17,18, 22-15 and 27-31 are rejected under 35 USC 112 second para as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. However, the examiner did not point to which particular elements sufficient for us to consider the examiner's conclusion. We respectfully ask the examiner for further information in this regard.

At paragraph 8, the examiner stated that Claims 17,18, 22-15 and 27-31 are rejected under 35 USC 112 second para, as being improperly written dependent claims. The examiner requested appropriate action to be taken. We have reviewed these claims and in particular these claims are in a different class to the independent claims. We submit this to be permissible as stated in §608.01(n), Manual of Patent Examining Procedures, United States Patent and Trademark Office, page 600-80 (MPEP Rev 2, May 2004), distinctly pointing out " The fact that the independent and dependent claims are in different statutory classes does not, in itself, render the latter improper. Thus, if claim 1 recites a specific product, a claim for the method of making the product of claim 1 in a particular manner would be a proper dependent claim since it could not be infringed without infringing claim 1. Similarly, if claim 1 recites a method of making a product, a claim for a product made by the method of claim 1 could be a proper dependent claim. "

Please note that Claim 29 is a "normal" claim of the ONE class.

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At paragraph 9, the examiner asserted that "identifier account" has no antecedent basis for this limitation at claim 14. We submit that this is a typo and should be "account identifier" and has accordingly been amended.

At paragraph 10, the examiner asserted "code" as found in Claim 20 is not adequately claimed. While we may like to rebut this by suggesting this claim is dependent on Claim 19 wherein codes are already found in program code and therefore related as read as a whole but without conceding the examiner's assertion, we will include the necessary amendment here to adequately claim these by making such reference clear.

Status of Claims

The examiner has rejected claims 13-31 under 35 USC 103(a) as unpatentable over Rosen (US 5455407) and in view to the applicant's own admissions.

ALL rejections are respectfully traversed with the following reasoning as detailed below.

Amendments to Claims as per this response.

**Please refer to Appendix 1**. We respectfully ask the examiner to include such amendments.

Summary of our rebuttal.

The main difference between the examiner's rejection in this action letter and the action letter mailed April 20, 2004 is the assertion that Rosen (US 5455407) in view of the applicant's own admissions of his invention in background art amounts to prior art and

hence could be used to combine as a the basis of a 103(a) rejection. Our rejection of Rosen has been previously been noted in part responding to Action Letter mailed April 20, 2004. In the previous Action Letter, Rosen was used for both 102(b) and 103(a) rejection. The fact that the current Action Letter is applying Rosen in view of the Applicant's application means an admission that Rosen on its own is insufficient to sustain a 102(b) or 103(a) rejection. Therefore, for this purposes, we will be providing rebuttal to show (a) our application in particularly Background Art referencing our claimed invention could not be prior art by the Applicant's own. (b) There must be a motivation from Rosen to combine. (c) There is no teaching of combining the features with each other. In effect once (a) has been shown then the examiner's case fails since Rosen's on its own could not been obvious is clear.

Claim 13,17,22

We respectfully traversed the rejection and we will use Claim 13 as the representative.

Firstly, there is no admission explicitly or indirectly by the Applicant that his discussion of his invention in "Background Art" of the specification is already known or in prior art. By stating how his claimed invention could solve prior art's problem by itself could not be an admission under the label "background art". The examiner has incorrectly asserted and concluded without evidence that because the claimed invention was described in background art, this amounts to an admission by applicant that it is prior art.

Alleged Prior Art in Background Art by Applicant ( This section is applicable to all other claims if applicable)

Assuming that the examiner had been able to read and understood our Background Art sufficient to conclude that we have allegedly admitted our own invention as prior art

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it will be useful to consider what USPTO considers as comprising "Background Art". Accordingly, at page 4 of Action Letter section (2) it reads " A description of the related art known to the applicant and including, if applicable, references to specific related art and problems involved in the prior art which are solved by the applicant's invention. This item may also be titled background art".

From this explanation, it is clear that the applicant is allowed to include what is known as related art which may include problems found in prior art and how his invention is used to solve said problems under the label 'background art'. The key words are known to the applicant which may include his own invention is obvious. However, what is known to the applicant including his own invention does not necessarily make it prior art is patently clear unless the examiner can evidence said is also prior art as known to others.

There is nothing in this section to show that the applicant has admitted explicitly by explaining his invention to solve problems in the prior art as being prior art themselves. The examiner provided no specific references in the background art to show that the applicant has expressly admitted his own claimed invention as being prior art and surely by explaining how to solve problems found in prior art using his claimed invention does not translate to mean, it is now prior art which is logically unsound. How could one solve the prior art problem without introducing his claimed invention's features ?

In re Nomiya, 509 F.2d 566, 184 USPQ 607, 610 (CCPA 1975) (Figures in the application labeled "prior art" was held to be an admission that what was pictured was prior art relative to applicant's invention.). However in our case, we did not label our invention under prior art and Background Art is NOT prior art as stated by MPEP above. By labeling it as background art does not mean the applicant's invention is also prior art nor did the applicant explicitly states or label his invention as prior art. In Nomiya, the figures were not the inventor's work.

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The Federal Circuit in Riverwood Int'l Corp. v. R. A. Jones & Co., 66 USPQ2d 1331 (Fed. Cir. 2003) stated " While Nomiya and Fout stand for the proposition that a reference can become prior art by admission, that doctrine is inapplicable when the subject matter at issue is the inventor's own work. In re Ehrreich, 590 F.2d 902, 200 USPQ 504 (CCPA 1979), the examiner considered material from the preamble of a Jepson claim as prior art when making an obviousness rejection. Id. at 909-10, 200 USPQ at 510. The Ehrreich court found that rather than making an admission about the scope and content of the prior art, the applicant used Jepson language to avoid a double patenting rejection in the applicant's co-pending application. Id., 200 USPQ at 510. That co-pending application was not available to the public, was not the work of another, and was therefore not prior art under any statutory provision. The court concluded: "We think that a finding of obviousness should not be based on an implied admission erroneously creating imaginary prior art. That is not the intent of § 103." Id., 200 USPQ at 510. "

In Reading & Bates Construction Co. v. Baker Energy Resources Corp., 748 F.2d 645, 223 USPQ 1168 (Fed. Cir. 1984), the court held that the reference in the Jepson claim preamble to the applicant's own prior work was not prior art, citing the reasoning and policy of Ehrreich that "the preamble, standing alone, was not an admission that one's own prior work is prior art." Id. at 649, 223 USPQ at 1171. It also held that the patentee's discussion of his own patent in the specification section entitled "Summary of the Prior Art" did not constitute an admission that the patent was prior art.

In short, description of inventor's own work even if found in the specification labeled as " Background Art " but not elsewhere (unless the examiner can show this) means this could not be prior art or be used against the applicant in a 103(a) rejection.

In Reading, the patentee's discussion was in "Summary of the Prior Art" pertaining to his patent which is already published. Thus, on policy grounds, "[o]ne's own work may not

be considered prior art in the absence of a statutory basis, and a patentee should not be 'punished' for being as inclusive as possible and referencing his own work in an IDS." Riverwood, 66 USPQ2d at 1338.

Therefore the examiner's assertion that the applicant had admitted his own claimed invention as prior art must fail as follows :

1) The examiner did not evidence how or where such admission has ever been made.
2) The inventor's own work could not be prior art as per Riverwood (2003) which is based on Reading & Bates and Ehrreich.
3) The principle found in Nomiya where it has to explicitly labeled "prior art" and found to be actual prior art. The applicant had not labeled his claimed invention as 'prior art' nor is it known (other than the examiner's assertion) to be prior art.

Motivation

The examiner stated that it would be obvious to one of ordinary skill in the art at the time of the invention to combine the teachings of Rosen with information considered to be already well known in the art because it lends support to Rosen's disclosure.

We assumed that by suggesting our application lends support, it must necessarily means one skilled in the art would be capable of enabling each other features to combine without any teaching. It is well established that the standard of obviousness is not whether one skilled in the art is capable to arrive at the claimed invention. Ex-parte Levengood, 28 USPQ 2d 1300 (Bd Pat App & Inter. 1993) Rather the test is whether there is any teaching to combine the cited references embodying their features. In short there must be suggestion found in the prior arts for one ordinarily skilled to combine its features with the features of the other reference failing which impermissible hindsight has been used. By merely concluding that our application lends support placed no evidence on record

amounting to teaching. There is no specific rules or scientific evidence to show such 'support' from unstated features by itself is capable of revealing our claimed invention.

Even if it is prior art, there must be a motivation to combine each other features. There is no evidence to support any motivation to combine with our claimed feature found in Rosen. The examiner did not articulate which feature lends support such that one skilled in the art is motivated to modify. There is no motivation found in our specification to combine with Rosen's modules to show non interacting with payee. Rosen's invention uses modules by connecting to two users as shown in Fig 36 while as our claimed invention has no modules which begs the question how do one combine a module to work in an non module environment to reveal non interacting with payee ?

There is nothing to suggest 'interacting with payee' is a problem in Rosen such that one skilled in the art would modify to reach non interacting with payee. Even if this is desirable to do so could Rosen's module work without interacting with payee ? To reach our claimed invention (without modules), one skilled in the art has to find it desirable to combine with the feature of non interacting with payee. However, the examiner provided no evidence that Rosen's modules could work by itself (single module) without interacting with payee or without the modules as per our claim. For example, in view of Fig 36, there is nothing to suggest a payer could make payment without interacting with payee.

AUTOMATION ISSUES

The examiner provided evidence from Abstract, Background/Summary to support the teaching of 'automation' as a rational for one skilled in the art to modify or in alternative that it is inherent in his teaching to automate the interacting process to reach non-

interacting. Logically this begs the question why would one teach of interacting and later suggest automation as inherently showing non-interacting ?

It is quite clear in Rosen that his module requires the interaction between payer and payee, including Payee's acceptance at steps 832 & 836 in FIG 36A. These are not trivial steps to be dismissed by suggesting automation as inherently showing non interaction with payee is taught by Rosen.

The best illustration can be seen by the method of making transfer in FIG 36 & 36A in particular showing step 810 where A choose to pay and step 812 where B choose to receive. The fact that B is involved throughout the whole process would show interacting with B.

This is evidenced by Rosen at Col 49 Ln 12 onwards and reproduced below for clarity :

"Both Alice and Bob sign on to their respective Transaction money modules 4 using the process Steps 10-42 described above. Through the To Subscriber A 33 application, Alice directs her Transaction money module 4 to make a payment (Steps 806 & 810), while Bob operates his Transaction money module 4 such that the To Subscriber B 33 application will issue an entitlement to receive payment (Steps 808 & 812). "

The examiner asserted that Rosen clearly teaches that his system may be fully automated and provided evidence from Col 4 Line 49-52. For the sake of clarity we have produced the entire section Col 4 Line 32 to 67 below in order to cover every possible suggestions: ( Underlined means where the examiner's evidence are shown L 49-52 )

" In accordance with these and other objects of the invention, a brief summary of the present invention is presented. Some simplifications and omissions may be made in the following summary, which is intended to highlight and introduce some aspects of the

present invention, but not to limit its scope. Detailed descriptions of a preferred exemplary embodiment adequate to allow those of ordinary skill in the art to make and use the inventive concepts will follow in later sections.

According to a broad aspect of the invention, an electronic monetary system provides for transactions utilizing electronic money including electronic currency backed by demand deposits in a bank in lieu of cash transactions, and electronic credit authorizations. The invention comprises a money module for generating the electronic money; a money module for issuing, distributing, and accepting the electronic money; and a money module for accepting, storing, and transferring the electronic money between other accepting money modules and between the accepting money module and the issuing money module.

According to a further aspect of the invention, an electronic monetary system is provided for implementing and maintaining electronic money which includes electronic currency that is interchangeable with conventional money through claims on deposits in a bank and electronic credit authorizations.

The system includes a plurality of issuing banks; a generator module for creating electronic money; teller modules coupled to the generator module, for performing teller transactions and for interfacing with other teller modules, such transactions including the accepting and the distributing of the electronic money; a security system for providing the overall integrity of the electronic monetary system; a clearing and settling process for balancing the electronic money accounts of the separate issuing banks and for clearing the electronic money issued by the issuing banks; and a plurality of transaction modules owned by authorized users, for transferring the electronic money between the transaction modules and between the transaction modules and the teller modules. " (end of quote)

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Did Rosen actually teach automation to reveal non interacting with payee as suggested by the examiner ?

The above reference certainly made no mentioned at all to automation specifically to reveal non-interacting with payee. For example the generating of e-money is done by having the user download from a bank network first and this could not be automated. The transferring part is clearly one of interacting with payee as seen in Fig 36. We assumed 'automated' to generally mean without human intervention whereby machines are configured to do certain tasks. Our claimed invention is not automated but only requires no interaction with payee.

References to automation could be found in Background of Invention in Rosen and we have selected them below for discussion.

The reference to **automation** is relied to show the desirability to utilize economic exchange at a lower cost ( Col 1, 35 – 40 ) over the use of paper money and coins as the means of automating individual transactions between institutions for clearing or settlement. Essentially, Rosen is suggesting automation in preference over manual when paper and coins are used instead. " The extensive use of coins and currency transactions has limited the automation of individual transactions such as purchases, fares.." (Col 1, line 20-25).

EFT services are transfer of payments utilizing electronic checks primarily by large organization ( Col 1 line 39 - 46) Automation here is referencing the ease of using these electronic "checks" or representations as a way to make payment instead of counting coins or paper money. Obviously without having to count coins and paper money would be more efficient (lower cost) and could be automated if these coin and money are digitized. However this does not mean no interacting with payee.

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As in ACH ( Col 1 line 46-54 ), Rosen merely mentioned that such EFT systems requires a banking system to make payments. Again nothing evidencing automating the steps to make payment. Rosen continued in Col 1 line 65 to Col 2 line 5 by adding credit cards, debit cards as being part of the EFT system cannot satisfied the need for universally accepted economic value outside the banking system.

In short, Rosen is raising the point for a system that is independent from banking that also exhibits automation in the form of digitized money to enable processing. Nothing here actually teach automating the money transfer steps between individual A to B by without interacting with B.

In Col 2, line 5- 15, : "To implement an automated, yet more convenient transaction system that does not require the banking system to intermediate the transfer, and that can dispense some form of economic value, there has been a trend towards off-line electronic funds transfer. For example, numerous ideas have been proposed for some form of "electronic money" that can be used in cashless payment transactions as alternatives to the traditional currency and check types of payment systems. See U.S. Pat. No. 4,977,595, entitled "METHOD AND APPARATUS FOR IMPLEMENTING ELECTRONIC CASH," and U.S. Pat. No. 4,305,059, entitled "MODULAR FUNDS TRANSFER SYSTEM.""

As read from above, there is no suggestion that such automation mean without interacting with payee. Rosen's automation means "does not require the banking system to intermediate the transfer" and by utilizing " electronic money" as taught previously. In both examples (US Pat 4,977595 and 4305059), these do not teach not interacting with payee.

It is clear the word "automated" as found in Rosen does not mean " not interacting with payee " or inherently show this. The examiner had indiscriminately assumes the word

"automated" could cover all possibilities beyond what is not taught by Rosen. See Corning Glass Works v. Sumitomo Elec. U.S.A., Inc., 868 F.2d 1251, 1255-57, 9 USPQ2d 1962, 1965-66 (Fed. Cir. 1989) ("To read the claim in light of the specification indiscriminately to cover all types of optical fibers would be divorced from reality.")

The word "automated" is further found in Col 2 line 34-36 " ....includes not only automated devices that allow subscribers to transfer electronic funds or money between them without any intermediating system, but that also encompasses and include an entire banking system for generating the value represented by the electronic money and for clearing and settling the electronic money accounts of the banks and financial institutions involved to maintain a monetary balance within the system. " ( Col 2, line 34-41)

As noted above, automated devices here means electronic fund transfers without any intermediating system plus other functions etc. There is no teaching of non interacting with payee.

As mentioned, Rosen's teaching as in Fig 36 for fund transfer shows a money module that requires active participation from the payee including signing on whereby the payee is required to provide PIN for authentication, to check sum and amount transferred or to agree with the exchange rate. How could these steps which requires judgement inherently suggest that Rosen taught without interacting with payee ?

Further even if there is teaching of automation, there is no suggestion that by automation, it must necessarily shows without interacting with payee as suggested by the examiner. Again there is no evidence of this. W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed.Cir.1983) ("To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its

teacher."). Skill in the art does not act as a bridge over gaps in substantive presentation of an obviousness case, but instead supplies the primary guarantee of objectivity in the process. See Ryko Mfg. Co. v. Nu-Star, Inc., 950 F.2d 714, 718, 21 USPQ2d 1053, 1057 (Fed.Cir.1991).

We submit our examination above shows that Rosen's automation means 'without intermediating system' is clearly seen in his teaching at Col 2 Line 42-49 " Thus, there is a need for a system that allows common payor to payee economic exchanges without the intermediation of the banking system, and that gives control of the payment process to the individual. Furthermore, a need exists for providing a system of economic exchange that can be used by large organizations for commercial payments of any size, that does not have the limitations of the current EFT systems. " This statement nicely summarized Rosen's invention completely which reveals automation is without the use of an intermediary system and using electronic funds. This however is still short of showing non interacting with payee.

Inherency cannot be established by probabilities or possibilities.

The mere fact that a certain thing (without interacting with payee ) may result from a given set of circumstances is not sufficient. (In re Oelrich, 666 F.2d 578,581,212 USPQ 323,326 (CCPA 1981) (quoting Hansgirg V Kemmer, 102 F.2d 212, 214, 40 USPQ 665,667 (CCPA 1939)) (emphasis added). Thus, inherency permits in limited circumstances, to gap minor but well known features or functions as seen by one skilled in the art. We submit that without interacting with payee is not well known in view of Rosen.

To show inherency, the missing element must be so well known and recognized by one skilled in the art to rely on inherency to establish the missing features " without interacting with payee ". Case law in *Ex parte Levy,* 17 USPQ2d 1461, 1464 (Bd. Pat.

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App. & Inter. 1990) requires the examiner to provide a basis in fact and/or technical to support this. None was demonstrated and neither did the examiner show how this automation could technically be achieved by Rosen to show non interacting with payee. If a device and the means to operate such a device clearly requires interaction how could one assume it could be automated to inherently shows our non interacting with payee ? As we already mentioned, Rosen's modules are similar to making a telephone call. It is meaningless to make a phone call with no party to respond at the other end.

The examiner did not explain how Rosen's system may be fully automated to reach our " non interacting with payee" and as we mentioned the evidence at col 4, line 49-52 only show Rosen proposed his system to cover "a money module for generating the electronic money; a money module for issuing, distributing, and accepting the electronic money; and a money module for accepting, storing, and transferring the electronic money between other accepting money modules and between the accepting money module and the issuing money module".

We respectfully submit that by reading the above 'teaching' one skilled in the art could not inherently reveal automation to mean 'non interacting with payee'. The above show desirable features bearing the mark of his invention BUT reading with Fig 36 covering extensive teaching of interaction, there is no suggestion that it could be automated to inherently show "without interacting". Even if this automation could be found inherently to mean the payee need not operate a module to receive funds, the fact that Rosen teach his payer's module connecting to a payee's module must necessarily means such connection clearly represents interacting with payee's module to establish the connection. (Fig 36). Establishing of session by exchanging certificates is an interaction between two modules. ( See Col 40 line 4 to line 11).

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It also appears the examiner had included personal knowledge in arriving at this conclusion to connect automation to inherently reveal " without intervention ". Note, our claim is actually for non interacting with payee and NOT "without intervention".

As the examiner provided no evidence to reveal how Rosen's invention is capable of revealing inherently our claimed element nor provided any reference to support this must necessarily show "without interaction" , we respectfully raise the requirements of 37 CFR 1.104 (d)(2), in part so we can be afforded to the right to rebut.

Furthermore, the examiner provided no motivation to show why one skilled in the art would modify a modular system build for interacting between two modules (payer/payee) to one without interacting with payee. There is no apparent problem with such interacting steps to reveal a desire to modify found in Rosen.

All step elements must be found in Rosen

host server

Our claim 13 is without the benefit of a module and its executable at the host server by first prompting the payer for account identifier and password. Rosen's teaching shows module to module transfer in respective subscriber's devices (See Fig 3) rather than hosted centrally. In Rosen as in step 10-42 as per Fig 36, Rosen's teaching shows interacting with payee module such as B signs on money module. This parallel step is not found in our claim 13 and it also violates our element where there is no interaction with payee.

entering payee's identifier

Our claim also includes prompting payer for payee's identifier which is not found in Rosen as presumably this step is replaced by B signing on money module by him/herself, a step that could not be read as under payer's control. For example, a payer cannot

control the signing on of payee. As noted in step 190-258 of Fig 36 in Rosen when both parties are sign-on and only then can session be established. As we said this is similar to making a phone call. It takes two phones to make a connection.

This requirement for both payer and payee to sign on is not found in our claim 13 as only the payer is signed on for the payment process hence under payer's control. In short, as long as there are two modules as taught in Rosen (regardless whether it is automated or not) interacting then this would violate our claim element of not interacting with the other. At best Rosen taught of 'a specific destination has been selected by the subscriber". ( Col 39 line 64-65) which we submit is not inherently the same as inputting payee's identifier as claimed. As we will show below this 'destination' is pre-set by issuer bank and not the same as an account identifier of user's own choice.

Rosen has no teaching of identifiers in view of anonymity.

There is no teaching of account identifiers in Rosen and as per Fig 36 teaching, Rosen merely mention the name of the parties being paid ie Bob and Alice. In our claim, the Payee/Payer has an account identifier wherein linked to accounts are ascribed in a database whereby said account has pre-stored funds in a host server (intermediary). More importantly, given the prepaid card application, there is a process to establish these account identifiers by users hence preserving the anonymity requirements as in real cash.

In Rosen, the money modules are embedded in respective subscriber's devices (See Fig 3) and are personal to each subscriber allowing only the said subscriber access by login protocol. The actual transfer is done by the transaction module which is a sub component of the money module. These modules are identified by the network destination number and not an user identifier of ones own choosing as per our specification. ( see our previously cancelled Claim 3 "....otherwise will ask the user to set up an account as an alternative option; " ). Note: claim 3 is now cancelled and has been rephrased as Claim 14

as " if there is no account identifier associated with said code then prompt user to enter an user account identifier, password, storage period and currency to be stored "

Rosen taught the subscriber's module identity 'as a serial number' to be one fixed/linked in the module by issuing bank or module provider and its never changed ( Col 12 line 30-33) and as an example, Rosen pointed to applying this serial number in the form of a subnetwork as identifiable by the local network 16,17,18. ( Col 18 Lines 11-19). In short, this identifier is not chosen by the user but allocated by the service provider (bank) under its various network protocol similar to IP addresses ( 60.111.11.1). Given an IP address is usually assigned by system admin, one skilled in the art of network protocol would not be able to see this identifier could be a name or a number of choice as per our claim.

What is clear is that Rosen's devices (incorporating modules) have assigned serial number as module identifiers and NOT account identifiers of ones own choice as in our claimed. Even if these module identifiers ( serial numbers) are anonymous to payer and payee, there is no evidence this is anonymous to the issuing authority (bank). This is in line with the fact that these modules must be able to track funds (e-money) which is drawn from a deposit account which must legally bear a name linked to ownership, signed by respective bank and not an alias or identifier. There is no evidence to show a user could open a bank depositing account using an alias. Obviously this is different to our prepaid card (which is used to draw the funds from) where said card is well known to be anonymous and therefore would acquire an account identifier of user own choosing for linking/storing purposes. In short, Rosen's e-money is not anonymous while our claim for an account identifier is anonymous since the user gets to choose their own identifier as the funds are drawn from a prepaid card (absolutely anonymous).

And further, Rosen still does not structurally meet our claim where such identifier cum password together with others identifiers are stored in a database and not in a personalized module being networked to the system using a serial number.

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Rosen's e-money is a mere electronic representation claimable on EXTERNAL deposits accounts and NOT Stored Funds

This is not the same as our claim where the stored fund is already found in a database on the server. The examiner clearly also relied on the unstated assumption that the difference between pre-stored funds in a database and electronic money 11 stored in a module is insignificant which is misguided as the difference here also reflected the significant structural difference between our claim (using a centrally hosted database) as a whole and Rosen's teaching (using modules).

As mentioned in Rosen, said fund transfer method is only for electronic money 11 (having economic representation ) being backed by credit or claims on deposits and the real money is settled by way of inter-bank clearing and settlement. ( Col 4, line 15-19) In our claim 13, the stored funds are credit/debit instantly because they are already stored and are not claims to an external account or credit line. There is no dependence on the primary clearing method in the banking system.

Although the examiner did not explain this point, we are doubtful Rosen's settlement is instantaneous given the need to utilize inter-bank clearing later of claimable deposits is taught. Rosen taught 'funds' are transferred physically from one module to another by moving the tokens-electronic notes by Pay/Exchange application 35 ( See Col 11 lines 66 to Col 12 lines 5 ) rather than by entry (debit/credit) into electronic database in our claim. Rosen also clearly teach against the use of prepaid card (Col 2 line 17-30).

Absolutely independent from a banking network.

We submit Rosen's invention is limited by the fact that the source of the funds which are stored in these modules originates from a bank deposit account or credit line, in short one must have the deposit account or credit line with a bank before able to use the

downloaded electronic funds in the modules. The evidence for this is explicitly found in Col 2 ln 24-28 which alluded the need to use bank deposits as money to be backed up in electronic form. In fact Rosen's concept is to use these deposit as backing for E-money 11. Obvious, after the electronic money with the bank signature has been downloaded to a module, said can be used without maintaining the bank depositing facility is clear but this does not mean there is no bank account for this purpose at the outset. In short, can Rosen's invention work without a bank account at all times ? We submit that Rosen's invention requires a bank account to download e-money and to upload them for clearing. In order to reach our claimed invention there must be no bank account at all.

Since Rosen's module is designed to be used outside of the banking system after the downloading and storing of said deposit representation into module then it must necessarily means the system could not exist without a banking system unlike our claimed invention where prepaid cards are used in lieu. Also note at Col 8, line 59-62 : "Of course, the merchant may then transfer the electronic money to another commercial organization to meet its obligations or it may deposit the electronic money at its own bank", this clearly shows the only way to retrieve the money is by depositing it back to a bank account for claiming.

Therefore, the evidence provided by the examiner's evidence Col 8 Ln 52-62 represents partial inaccuracy as they were taken out of context and could not suggest that Rosen's invention could work without any banking-deposit facilities at all.

This is clearly in contrast to our claim where the money is represented in a prepaid card and to be activated by associating with an account identifier and stored in the database for transactional purposes.

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Modules in Rosen to show our plastic/paper prepaid card or host server or merchant server ?

Even if prepaid card is not explicitly claimed in Claim 13, the word " stored funds " would inherently show that such funds are calculated and stored from a prepaid card as read with our specification. Applicant submits that Rosen's modules which is the novelty of his invention enabling off/on-line payment is not a prepaid card as found in our specification. The examiner provided no evidence to show this critical application in Rosen which serves to operate payment, FX and transfer would inherently shows our non-modular transactions using funds stored from a prepaid card nor why one skilled in the art would modify these modules to using an intermediary and a simple paper/plastic prepaid card. As we mentioned, Rosen taught against using an intermediary.

The examiner provided no evidence to support any of the assertions and it is obvious that a paper/plastic card could not transmit funds to each other.

Therefore, in conclusion, we submit that the elements " stored funds in database, payer's control, account identifier, instantly crediting and debiting respective account holders in database" have not been meet.

Looking at Claim 13 as a whole to show it is not obvious to Rosen.

The examiner stated evidence from Rosen: Abstract; Background/Summary of the Invention; Fig 3 -10, associated text and Fig 34-36a, 36-36a, 46-46a).

Fig 3-10 refers to Rosen's modules and network embodiments which as we submitted is not found in our invention. No modules are used here as we only apply data inputs at host server to credit and debit payee and payer respectively. As mentioned, Rosen teach against using an intermediary ( Col 2 line 36 ).

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Fig 34-34a, 36-36a, 46-46a refer to withdrawal, user to user transfer of funds/FX and protocols. We submit these are not relevant simply because we use a prepaid card having funds as 'floating' or thereupon as calculated stored value in database and there is no modules in our invention.

Rosen disclosed an invention using a money module to make transfer between money modules in lieu of bank accounts. This is evident from Col 2 Ln 42- 49 which is cited by the examiner and reproduced below for clarity :

" Thus there is a need for a system that allows common payer to payee economic exchanges without the intermediation of the banking system, and that gives control of the payment process to the individual. Furthermore, a need exists for providing a system of economic exchange that can be used by large organizations for commercial payments of any size, that does not have the limitations of the current EFT systems. "

While Rosen's system is to allow fund transfer from payer to payee within control of individual, Rosen must however interact with its payee as clearly seen in Fig 36, the difference not obvious in view of our claimed invention as a whole.

Further from Col 8 Ln 52-62 which is cited by the examiner and reproduced below for clarity :

" It should be noted that a subscriber will not be required to maintain a bank account in order to own and use a Transaction money module 4. For instance, a subscriber may obtain a stand-alone computing device that contains a Transaction money module 4 and use the device only in off-line peer to peer transactions with other services containing a Transaction money module 4, such as a merchant's point of sale terminal. Of course, the merchant may then transfer the electronic money to another commercial organization to meet its obligations, or it may deposit the electronic money at its own bank. "

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Our claim 13 at pre-amble reveals firstly: money stored in a database at a server and not in any module or stand-alone computing device as found in Rosen. As mentioned Rosen was actually critical of system that ignore deposit money in the bank as a way to back up the economic representation outside of the banking system and also critical of the use of prepaid cards ( Col 2, lines 17-24 ).

Claim 13 actually requires the stored funds to be in a database which is not found in Rosen unless the module could inherently be a database. And even if the module is a database it could only stored the owner's details/e-money BUT not as in our claimed for ALL users.

There is nothing in Rosen which taught of using a host server (intermediary) to effect the transfer. Apparently the examiner provided evidence that explicitly show execution between modules and not with a host server. Structurally, our database stores all the users details while each module in Rosen is personal to ONE individual user.

The examiner provided no explanation as to why one skilled in the art would modify a modular system to one using an intermediary to effect a transfer. As we noted, Rosen specifically discourage the use of an intermediary. (Col 2 line 36). The examiner provided no motivation as to why one would modify an "module identifier" or known as destination account (Col 18 line 11 to 20) based on subnetwork found in the module to one with an anonymous feature using account identifiers of one own choosing similar to owning a prepaid card.

Rosen's teaching including his downloading of e-money clearly requires it to be identifiable in order for the recipient of the e-money to claim from the deposit account which it had previously drawn from. As mentioned, each e-money is coded with the signature of the drawing institution and the deposit account to claim from. ( See Col 20

line 37 or generally Col 19 – Col 20). As for electronic credit note ( See Col 19 line 22-24). Even if this is anonymous to the payee/payer, it is not anonymous to the issuing bank which deposit account is drawn from. Similarly the module in Rosen could not inherently show a paper/plastic card to reveal our need to preserve anonymity in using an account identifier linking with prepaid card. The examiner provided no evidence to show why one skilled in the art would modify a module identifiable by issuing bank system to claim deposits to our claim of using prepaid cards from where the stored funds are drawn to affect a payment using account identifiers.

Rosen's module needs to link/connect ( Col 13, line 50) with another module to effect ( see Fig 36 ) a transaction but there is no linking/connection with payee in our claimed invention resulting in non interacting with payee. The fact that Rosen's payer module needs to be connected to payee's module to establish a transfer linkup must therefore evidence interacting with payee's module even if the actual process of transfer could be automated. ( See Col 18, line 12 to line 20). Also read Col 40 line 8 to line 15 wherein Rosen teach of two modules exchanging certificates and we quote " to verify that each money module is interacting with another valid money module ". This clearly shows even before any fund transfers assuming said transfer can be automated, the modules have to interact with each other.

Since our claimed method has no modules and instead uses an intermediary which is discouraged in Rosen ( col 2 line 64-67), there is no connection to payee at all to show non interacting. As we mentioned, the evidence of 'automation' found in Rosen merely reflects the need for a universally acceptable e-cash exchange without intermediary. Furthermore, even if Rosen's system could be automated, this does not show non interacting nor does not reveal a need for non interacting as the examiner provided no motivation for sustain a 103(a) rejection. There is no problem found in Rosen's interacting steps with payee to reveal a desire to modify to reach our non interacting

element. As we have already mentioned, our own patent application cannot be used as an imaginary prior art to lend support.

Accordingly, we respectfully ask the examiner to allow these claims.

As per Claims 15,19, 24

We respectfully transverse this rejection.

**At the outset, we respectfully inform the Examiner that the words "payment card" in this claim is not correct. We do not know how these words are found in this claim and have never use these words in this claim. The correct words as amended previously is "prepaid card". This is our 3rd advice.**

We have grouped all claims 15,19,24 as they have the same elements except for different classes where Claim 15 is the representative. This claim details of making payment to a merchant using a prepaid card. Our novelty is where the merchant server (payee) generates codes to authenticate the transaction (aka reverse method).

The examiner stated Rosen: All citations from Fig 7, associated text; C 10 L 25-C 17 L 25; C 17, L28-C 18, L 67) as evidence to show our elements.

In view of the evidence the differences between Rosen and our claimed invention can be shown graphically below citing Table A

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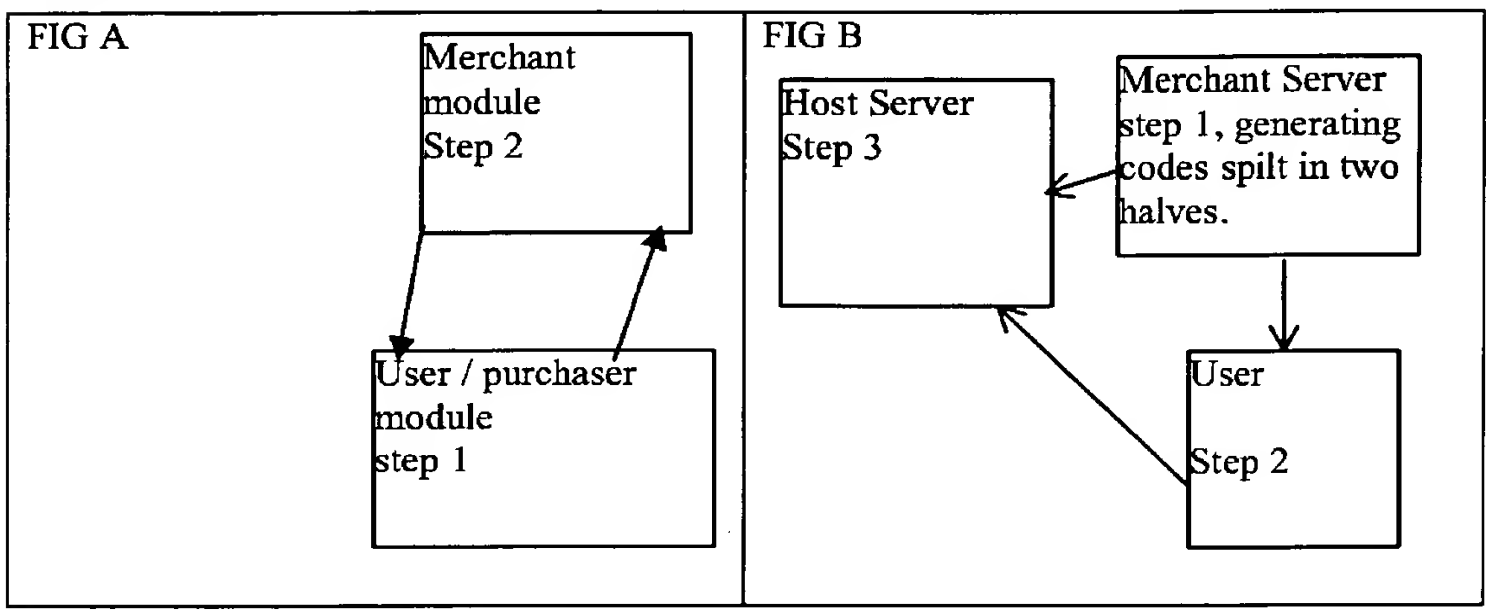
Table A




| Fig A –Rosen ( See Fig 36 Steps) | Fig B – Our Claim 15 |
|---|---|
| Step 1- User Sign on to Transaction Module | Step 1- Merchant provides 2 halves of a dynamic codes to User (x) and Host Server (y). |
| Step 2- Merchant Sign on to Transaction Module | Step 2- User receives second code (x) from Merchant. Host Server receives first code (y). |
| Step 3- Establish session | Step 3 – Host ask for User's codes (x) and Security code (z) from card. |
| Step 4- Payment. | Step 4 – Authentication of x,y,z. |

As an initial matter, we disagree with the examiner that substantial evidence supports the finding that Rosen contains all the limitations set forth in claim 15 which is the representative here. Structurally, we have 3 elements interacting with each other while Rosen has only 2 modules over network 25 of by offline.

Starting from the preamble itself, "convertible prepaid card" and in "any currencies" are not disclosed by Rosen. Rosen did mention "Current EFT systems, credit cards, or debit cards, which are used with an on-line system to transfer money between accounts, such as between the account of a merchant and that of a customer, cannot satisfy the need for an

automated transaction system that provides for the transfer of universally accepted economic value outside of the banking system. " ( Col 1 at line 65 – Col 2 line 4). While Rosen further mentioned stored value cards from prior arts ( Col 2 Line 16 - line 24) there is still no teaching of one which is convertible between using the card or an account identifier. Rosen in fact teach against the use of prepaid cards as mentioned above (Col 2, line 16-30). In fact, there is no prepaid card at all in Rosen, least one that is convertible between using the card or by storing it in a database using an identifier. Rosen draws e-money from a bank deposit but a bank deposit is not a prepaid card.

Rosen shows any currencies are asserted by the examiner but on closer reading Rosen actually taught of foreign currency exchange between two willing users. While this means in any currency, the reasons for doing so are different where our claim refers to paying a merchant via a merchant server. Currency being exchanged is not the same as local currency being converted at the point of payment presentation. Rosen taught user to user foreign exchange method at Fig 46 of Rosen in line with a normal banking transaction where currency are exchanged. Also See Col 8 line 15 to line 24, and in part "....may be used to exchange foreign currency or make payment with another transaction money module ...."

Referring to the body of the claim, we submit that the steps **executable at merchant server** below are not meet by Rosen. In particular, Rosen uses a merchant point of sale with the embedded transaction money module for off-line transaction ( module to module) while we uses the Internet. Even if it is online through network 25, there is no evidence the merchant server/payee module is executing the following steps as outline below.

**"generating a first dynamic transaction code to the host server"**

Assuming a merchant server is a point of sale terminal in Rosen embedded with transaction module 4, however, there is nothing to show it generating a first dynamic transaction code to host server. There is no host server and as Rosen mentioned his invention is about module to module and taught against intermediary ( host server). Rosen's merchant module waits for payer module to initiate a signon and thereof response. ( See Fig 36 of Rosen and Table A above). Furthermore our transaction codes are not economic representation capable of claiming from deposit accounts. Our codes are to effect a payment and has no economic value. As we mentioned, even if these codes are captured they are mere representation of a part of a transaction.

Even if one considers the 'electronic notes' 11 are inherently dynamic transaction code, this means the merchant server (or module) is sending 'funds' to a buyer when it should be the buyer who is sending e-notes 11 to merchant server. The normal practice has always been buyer sending codes to merchant which is forwarded to host for verification as seen in most credit card payment gateway.

As we said previously our reverse method is not obvious whereby Merchant Server as the payee sends codes. No motivation is shown to modify a payee module to send codes.

**The evidence by examiner** (Col 8, Line 52-62): "It should be noted that a subscriber will not be required to maintain a bank account in order to own and use a Transaction money module 4. For instance, a subscriber may obtain a stand-alone computing device that contains a Transaction money module 4 and use the device only in off-line peer-to-peer transactions with other devices containing a Transaction money module 4, such as a merchant's point-of-sale terminal. Of course, the merchant may then transfer the electronic money to another commercial organization to meet its obligations, or it may deposit the electronic money at its own bank. ". (Note there is no other mention of merchant in the entire patent specification except for the above paragraph.)

This evidence does not show a merchant server sending transaction codes to host server. It may show sending e-money to another organization in line to pay someone ( to meet its obligation) BUT not as in receiving of payments as claimed here. In short, our reverse method means the payee has to send codes which is not obvious.

**"generating a second dynamic transaction code to the purchaser"**

Similarly, the transaction module 4 in Rosen could not send a transaction code to purchaser as it requires the payer to initiate the transaction as seen in Fig 36 by signing on. If transaction code is taken to inherently means e-money then it is illogical to send 'money' codes to buyer/payer. This differentiate our transaction code from e-money since our code is merely to facilitate the payment process and by itself has no economic representation. As we explained, even if these codes are intercepted they could not be used as economic representation to draw funds as in Rosen as by themselves these codes are valueless.

The examiner provided no evidence to show why one skilled in the art would modify e-money ( economic representation signed by a bank) to be mere transaction codes to facility a payment. Similarly the examiner provided no motivation to modify Rosen to show merchant server sending codes to purchaser.

**"at the host server having a database, receiving the first transaction code from merchant server"**

As mentioned Rosen teach against the using of an intermediary for transfer (Col 2 line 64-67) due to cost. There is no identifiable host server in Rosen during the funds transfer between two entities and hence this element is not found. The host server could not be the bank's servers as mentioned given that once electronic money are issued or drawn from the deposit, Rosen's modular system is to work without linking back to the banking

system except for withdrawal and depositing of funds. This is the novelty of Rosen's invention ie a system that works outside of the bank network ( EFT System). ( See Col 2, line 64-67)

**"requesting purchaser to provide second transaction code and security code from prepaid card"**

**( Note examiner wrote payment card instead of prepaid card in page 10 of action letter which is not correct as advised above)**

A payment card could be any type of cards such as debit, credit which is linked to EFT system as suggested by Rosen, however a prepaid card is not linked to the banking EFT system. There is nothing in the art at the time of this application to show a prepaid card has ever been issued by a bank nor is it known then. Rosen teach against the use of prepaid cards. ( See Col 2, Line 17-30).

At col 2 line 17 to 30, Rosen wrote "The more well known techniques include magnetic stripe cards purchased for a given amount and from which a prepaid value can be deducted for specific purposes. Upon exhaustion of the economic value, the cards are thrown away. Other examples include memory cards or so called smart cards which are capable of repetitively storing information representing value that is likewise deducted for specific purposes.

However, these proposed systems suffer from a failure to recognize fully the significance of bank deposits as money, and their necessity to back any form of universally accepted monetary representations that may be issued. In the systems disclosed thus far, representations of economic value, whether electronic or paper, are issued without the backing of equal valued liabilities as the counterpart to their assets." (end of quote)

The above teaching represented the prior art and not related to Rosen's invention. Therefore, there is no evidence that a prepaid card can be used with Rosen's invention to show the security code. Even if a prepaid card with a security code is well known, it is not well known to practice with resubmitting a transaction code send from merchant server. Furthermore, the examiner provided no reason to show why one skilled in the art would modify to show payer having received a code from a merchant server (payee) has to provide said code to the host server in view of Rosen nor is it known in the art to do so. ('Reverse Method').

**"receiving the second transaction code and security code as inputted by purchaser; "**

Similarly, there is no teaching of Rosen's merchant modules receiving a second transaction code and security code. Rosen teach of his merchant module receiving e-money which are economic representation claimable from deposits. Even if this e-money 11 can show codes and prepaid card's security code is well known in the art, it is not known to submit both together to host server or to merchant server.

**"authenticating the first transaction code and second transaction code jointly at said host server; "**

Rosen has no teaching of TWO transaction codes, therefore this element is not met.

**"authenticating the said security code for validity; "**

Our reverse method whereby requiring merchant/payee to send codes so to ensure the codes are manually re-inputted is not found in Rosen nor obvious in view of the art. Further, the fact that we require the purchaser/payer to re-input and send the second code plus prepaid card security code to host server is to ensure that a human is responding to this and not some program submitting codes. Therefore this authentication steps are to

provide an indication of human presence by verifying the codes received. This is significant difference as this function is not one of encryption as suggested by the examiner but one testing for human presence. This problem is not found in Rosen given its teaching of interacting between two humans operating respective modules ( Fig 36).

**"upon authentication of the security code, instantly crediting the amount requested for payment to merchant's account if the balance in said database associated with the security code is more than the requested amount for payment;**

**instantly debiting the balance associated with the security code in said database with the said amount paid to merchant's account;"**

The steps of instantly debiting and crediting is also not found in Rosen. As mentioned this is a significant step found only for prepaid cards wherein electronic values are already stored in the database at host server ( the intermediary ). In Rosen, electronic notes 11 are stored in the transaction module ( in money holder 38 ) which are only uploaded to claim deposit (funds) when linked back to Bank's network.

Since the bank need to verify the token 11 issued by another bank and accordingly debit and credit using the EFT or ACH network for inter-bank accounts, this could not be instantaneous as this is usually process in batch. What this means is that only the net amount of ALL transactions are credit/debit. While Rosen taught the tokens are moved from one module to another instantaneously, this is not the same as showing debit and crediting for settlement within a single database located at a server. Our claim is for the accounting functions for central record keeping rather than merely storing of 'electronic money' 11.

As can be seen, each module in Rosen keeps its own record by Tran Log Mgr 36 ( Col 12 line 10-30) and this is not debit and credit. For example in Tran Log Mgr the elements are

(1) the type of transfer (i.e., payment, deposit, foreign exchange, etc.), (2) the date of transfer, (3) the amount of transfer, (4) the Issuing Bank 1 identifier (5) the note identifier, (6) the monetary unit, (7) the identifier of the other money module involved in the transaction, and for deposits, withdrawals and loan payments: (8) the bank account number, (9) the bank identifier, and (10) the amount of the transaction. This is in contrast to (Debit Mr ANC 150, Credit Mr AAA 150) in our database.

Lastly the examiner remarked that Rosen does not recite **"first transaction code and second transaction code are distinct"** and that his teachings about encryption, authentication and authorization method must inherently means each key or codes are distinct in order to maintain the highest degree of security and safety.

The requirement for anticipating the element is at least inherently found in the prior art. Inherently means the "missing element" is well known to one skilled in the art to be substitutable or must necessarily flow from the prior art. The first question is whether one skilled in the art would inherently recognize the e-notes 11 as transaction codes. The second question then is whether encryption could inherently shows that these transaction codes are distinct ?

Is e-notes 11 the same as transaction codes ?

Rosen has no teaching of transaction codes to facilitate the payment process. Rosen teach of e-notes 11 being codes representing some economic value capable of claiming deposits in a bank account. In short this means such codes in Rosen are 'electronic cash' and not for authenticating a payment transaction. This shows two different functions and the examiner provided no reason to show why one skilled in the art would modify e-notes to be mere transaction codes without economic representation.

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Could encryption teach distinct codes ?

Encryption generally means encoding clear text to machine bits readable by machines is a function to hide the clear text using a suitable algorithm such as MD5 etc. ( Note : Rosen taught of one way hash as in Col 14 line 27 to 33 ). Those skilled in the art would know that they could not be distinct each time if transaction one and two are given the same data input to hash. For example using MD5 with one way hash using "hello world" you will ALWAYS get the output "5eb63bbbe01eeed093cb22bb8f5acdc3".

The problem here is to ask how do you ensure that "hello world" is not created twice by merchant server as transaction code 1 and 2 so to preserve distinctiveness ? In other words there is no technical support to show encryption will ensure at creation each time the transaction code 1 and 2 are distinct . Encryption is merely changing the form of the data to make it unreadable by a human but this does not mean data generated to be encrypted are necessary distinct. This is of course different to ensuring both codes at the time of creation is distinct to each other which is being claimed by our formula creating these codes.

The examiner stated assumption is that because they are encrypted they must necessarily be distinct and hence inherently shows our transaction codes. This is also hindsight analysis which is not proper. An element may be inherently disclosed by prior art if " the prior art necessarily functions in accordance with the limitations" of the challenged claim. King, 801 F.2d at 1326; see also Standard Havens Prods., Inc. v. Gencor Indus., Inc., 953 F.2d 1360, 1369 (Fed.Cir.1991), cert. denied, 506 U.S. 817, 113 S.Ct. 60, 121 L.Ed.2d 28 (1992). As we have submitted, Rosen's e-money is economic representation while our transaction codes are for authenticating a transaction which is not capable of having any economic value.

As mentioned, our two codes are send to two different parties by payee whereby one of the parties ( host server) is not found in Rosen. Rosen has no teaching of TWO codes and e-money being encrypted may bear some characteristic as codes, but by itself does not teach showing TWO codes. Even if a single e-money code could be broken to TWO codes or more this still begs the question what to do with the second code since Rosen teach of ONE to ONE transaction ? If both codes are send to the same recipient module then what is the purpose of breaking into TWO ? There is no evidence of a third party existing in Rosen to receive the other code as found in our claimed invention being the host server. The examiner did not articulate a reason for TWO codes (whether they are distinct or not).

Therefore even if encryption is widely used in Rosen including encrypting e-notes for security etc they may not show being distinct to each other (code 1 and 2) as Rosen has no teaching of TWO codes capable of being distinct to each other.

Motivation.

Even for a single prior art, there must be a motivation to modify reading the claim as a whole. (B.F. Goodrich v. Aircraft Braking Sys. Corp., 72 F.3d 1577, 1582, 37 USPQ2d 1314, 1318 (Fed. Cir. 1996). Our claim is provide payment to a merchant using prepaid card utilizing the reverse method, ie where merchant/payee sends two codes to ensure at least one of them are send back to Host Server by a human. In Rosen, it is obvious the device modules have to work with two humans (Fig 36) without an intermediary so there is no motivation to have a routine to check for human submission.

The requirement to maintain a high standard of security also does not explain the need for 2 codes (whether unique or not) as explained above. As mentioned, our reverse method and the use of 2 codes are to detect human submission, is a problem that is NOT found in

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Rosen as Rosen teaches of using humans ( Fig 36). We had articulated that it is reasonable to use software to submit payment codes in our specification.

There is no evidence to show Rosen's encryption method to enable transfer is problematic so to motivate one skilled in the art to modify to reveal our problem. Even if there is a need for higher security, this is not the same as to ensure a human is doing the submission. It is well known that high security is to protect the system's data and has little to do with distinguishing between human submission and automated submission.

We respectfully ask the examiner to transverse this rejection as not all elements are found explicitly or inherently to show our claimed invention as a whole in particularly why the elements : host server receiving codes, merchant server issuing transaction codes, prepaid card's security code, two transaction codes are not found. Further, it is not obvious to show reverse method and to detect for human presence in view of Rosen.

Lastly the examiner alluded to our own admission of our own invention as being prior art and hence lends support to combine with Rosen. We have previously rebutted this as in above under "Alleged Prior Art in Background Art by Applicant ". And even if it is prior art, there is no evidence of any teaching to combine each other features (lend support). The examiner had not specifically shown which features actually lend support given that Rosen explicitly teach against prepaid cards. There is also no teaching to combine with our reverse method incorporating detecting for human submission method, a problem not found in Rosen.

Similarly we respectfully submit that Claims 19 and 24 be allowed based on the reasoning as in Claim 15 as the only differences here is the class type of claims.

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As per Claims 16, 20, 25

The examiner stated Rosen: Fig 36 and 46, associated text as evidence to show obviousness rejection.

This rejection is respectfully traversed. We have grouped all claims 16,20,25 as they have the same elements except for different classes whereby Claim 16 is the representative. This claim deals with identifying foreign currency on payment and is dependent on Claim 15.

As an initial matter, we disagree with the examiner that substantial evidence supports the finding that Rosen contains all the limitations set forth in claim 16 which is the representative here in particular a conditional dependent on the word " IF:" found in preamble which is missing from the examiner's analysis. Please refer to our previous response whereby Claim 16, 25 were amended with the word 'IF' in preamble. Claim 20 has previously amended to include the "IF" in the body of the claim.

In short, if there is nothing in Rosen to test whether the payable currency is foreign then it does not show this element. Rosen teach where user to user wanting to exchange foreign currency as in Fig 46 or generally known as the foreign currency exchange. Our claim relates to first detecting if foreign currency payment is required by merchant/payee and not whereby the payee wants or willing to exchange currency.

The examiner asserted " It would have been obvious for one ordinary skilled in the art to have included the capability for a payer to approve currency conversion rates prior to agreeing to a transaction, so as to make sure that no dispute would later arise as to the fairness of such conversion operations "

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In this instance the examiner asserted the "capability for a payer to approve currency conversion rates prior to agreeing to a transaction " and provided a reason/motivation for it being to avoid disputes as to the fairness.

There is no evidence of this motivation in Rosen. As mentioned, Rosen teach two parties wanting to exchange foreign currency under a willing buyer/seller basis and NOT where the exchange rate is provided by Host Server for user to acceptance. The examiner provided no evidence to support this assertion.

Even if this is fair, it is not well known to include this feature in light of what is known in the art. For example, it is well known in the art of credit cards payment to be billed later at the rate determined by the credit card company or bank if the amount payable is in a foreign currency. Similarly for a debit card being used to withdraw funds in different currency from international ATMs. In general, we have no evidence of any system in the world even in 2005 that allows user to confirm the transaction despite this fairness motivation. Surely if this is a well known equitable issue as suggested by the examiner, then it could be easily evidenced.

At the time of this application, there is no known prepaid card issued by the banks or known in the art whereby such a feature is incorporated. There is nothing in Rosen to show 'fairness' at all since both users are taking upon themselves to determine the rate as per Fig 46. Given no teaching at all, how would it be obvious to show 'fairness' as the reason to incorporate same feature for prepaid cards as suggested by the examiner ? Stated differently, we could only conclude the impermissible hindsight was used.

In Fig 46, while Rosen shows both user to user fund transfer and foreign exchange, they are taught within the context of two parties wanting to exchange one currency for another hence establishing the rate of exchange.

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Viewing this claim as a whole, this claim is only trigger when the payment amount requested is in a currency other than the prepaid card's currency and the steps are taken by the host server and not by the users. ( See preamble "... where if said amount payable is in a currency other than said prepaid card's currency..." )

In short, our claimed steps are in response to the amount payable being in different currency and the steps are at the host server (the structural limitation missing in Rosen). In Rosen, it taught user wanting/willing/desiring to exchange currency with another user ( Fig 46) using money modules. Given that Rosen did not teach a host server requesting purchaser to convert where the amount is in a different currency, the first step of requesting purchaser to convert the equivalent amount in prepaid card's currency to the requested foreign currency amount if the balance in the database is more than the requested equivalent foreign currency amount for payment " is not met.

In our second claimed step, purchaser has agreed to the converted amount as requested by host server. There is no evidence in Rosen to show this claimed step. This is then credited for merchant account instantly at host server. As one can see there is no interaction with merchant on the rate as shown in Rosen ( assuming the merchant inherently shows second user). Our claim here refers to Host interacting with the purchaser and not as in Rosen between the two users wishing to exchange currency.

Rosen also taught exchanging currency with bank using teller module attached to bank network. However, as we mentioned, exchanging currency does not inherently shows detecting whether the payment in a different currency to trigger the exchange offering/rate. A person who wants to exchange Dollars to Yen need not detect whether the price is in Yen to pay for the goods. This person need only to ask for Yen which is different from having to detect the priced currency in our claimed invention as this could be in British Pound or Peso etc.

The fact that Rosen already teach of user able to store foreign currency in his module also suggest that his invention does not require detecting if the payment is in another currency for payment purposes. Rosen's approach is to be able to use the foreign currency stored in his module and not as in our claimed invention to detect, requesting to convert and seek acceptance etc. While this may be a desirable feature: able to detect, convert instantly etc instead of having to store all kinds of currencies in anticipation, the examiner did not articulate a motivation from Rosen other than fairness which we have already rebutted.

In summary, we submit that Rosen did not meet all the limitations because Fig 46 is primarily designed for Subscriber to Subscriber Foreign Exchange as titled in Fig 46. The teaching taught of interacting with the two subscribers while we claimed purchaser interacting with Host Server.

As mentioned, the motivation of fairness is not found in Rosen nor in the art as practiced now with a debit/credit or prepaid card. If the examiner has provided his own personal knowledge to reach this conclusion, this must be evidenced in accordance to 37 CFR 1.104(d)(2). The examiner further asserts that we have admitted and disclosed our claimed invention with this feature as prior art. We have previously traversed this allegation and according submit our earlier rebuttal under "Alleged Prior Art in Background Art by Applicant" above as support here.

Further as Claim 16 is a dependent of Claim 15, our previous rebuttal is included here by incorporation for the missing elements of prepaid card, instantly credit and debit in database. We submit obviousness under 103(a) has not been made out as per above and claims 16,20,25 are patentable over Rosen and what is known in the art.

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As per claim 21

This 103 (a) rejection is respectfully traversed. This claim refers to the elements found in the transaction code and hence dependent on claim 19 which we already submitted as not obvious given the subject matter 'reverse method', detecting human presence, distinct transaction code(s) issued by merchant is not found in Rosen. Further Rosen taught against using an intermediary and prepaid card.

The examiner stated Rosen discloses all the limitations of Claim 21 using citations cited previously in Claim 16 above.

Our transaction codes are used for processing the payment request by authenticating the merchant and detect the presence of human purchaser while codes found in Rosen is a mere representation of electronic money 11 used for payment. These codes represents 'money' as applied in Rosen and embodies the value from the payer deposit account. It also incorporates bank signature to authenticate the issuer-bank/payer and deposit drawn being send from payer to payee.

An element may be inherently disclosed by prior art if " the prior art necessarily functions in accordance with the limitations " of the challenged claim. King, 801 F.2d at 1326; see also Standard Havens Prods., Inc. v. Gencor Indus., Inc., 953 F.2d 1360, 1369 (Fed.Cir.1991), cert. denied, 506 U.S. 817, 113 S.Ct. 60, 121 L.Ed.2d 28 (1992).

The examiner has not adduced any evidence to show that Rosen's codes in the form of Electronic Money 11 must necessarily function in accordance to our claimed limitation " transaction code ". This has not been proven and surely e-money cannot be transaction codes to facilitate a transaction as the latter has no economic value.

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Further as this is a 103(a) rejection, a motivation must be found which has not been articulated by the examiner. Even if the e-money 11 has all the elements found in this claim, the fact is that e-money functions differently to our transaction codes. And because they function differently, they serve a different purpose not inherently as seen by one skilled in the art. Therefore, there is a need to show why would one skilled in the art would modify from codes that are representation of claimable deposits to codes that have no economic value being transaction codes to reach this claim.

Further as this claim is dependent on Claim 19, said limitation must be read together to show these codes are generated by merchant server/payee as compared to payer/purchaser's module as found in Rosen indicative of our reverse method. The examiner provided no evidence of such motivation.

The examiner further asserts that we have admitted and disclosed our claimed invention with this feature as prior art. We have previously traversed this allegation and according submit our earlier rebuttal under "Alleged Prior Art in Background Art by Applicant" above as support here.

We respectfully submits this claim is patentable over Rosen over in view to what is known in the art.

As per claim 29-31

This is a 103(a) rejection. We respectfully transverse this rejection.

The claims here recited the "prepaid or stored value" elements which as asserted by the examiner to be shown in Rosen. Our rebuttal will use 29 as the representative for 30,31. Rosen teach against Prepaid ( Col 2, line 17-30). As to stored value, Rosen did not teach of our stored value formulation and includes linking the stored value to an account

identifier. Rosen's e-money 11 is generated by module using claimable deposits and not prepaid funds. Our prepaid and stored value are anonymous, the latter using account identifier of user's own choice.

Rosen taught of using modules where electronic money are stored as tokens 11 in a device issued by banks drawn on the user's deposits accounts. So the question here is whether deposit accounts in banks are prepaid or stored value similarly found in a prepaid card and upon storing and linking to account identifiers known as stored value ? That is to say Rosen's electronic money having dual characteristics, one being represented by the face value of a prepaid card ( known as floating ) and the other as calculated stored value based on user's preferences in a database upon storing and linking as described in Claim 14 ? The examiner provided no specific evidence to show which aspect of Rosen's electronic note could be floating or stored (as mentioned our stored version includes detailed calculation to arrive at this value as found in Claim 26-28)

Furthermore, the examiner did not provide any motivation why one skilled in the art would modify e-money 11 claimable from deposit account to either prepaid (linked to a security code) or stored value as calculated from our formulation (linked to an account identifier). As Rosen mentioned, prepaid card ignores bank deposit as money which is translated to mean universal backing as a monetary representation. ( Col 2 line 24-30). Even when obviousness is based on a single prior art reference, there must be a showing of a suggestion or motivation to modify the teachings of that reference. See B.F. Goodrich Co. v. Aircraft Breaking Sys. Corp., 72 F.3d 1577, 1582, 37 USPQ2d 1314, 1318 (Fed. Cir. 1996).

The examiner further asserts that we have admitted and disclosed our claimed invention with this feature as prior art. We have previously traversed this allegation and according submit our earlier rebuttal under "Alleged Prior Art in Background Art by Applicant" above as support here.

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However, having submitted our rebuttal above, we noted these claimed elements are repetitive to elements already previously found in Claim 13 (stored value) and Claim 15 ( prepaid). Therefore, we have decided to amend these claims to better reflect our more distinct features in this claimed invention.

In this current amendment and without conceding the examiner's argument, claim 29 has been amended as per below being an independent claim (clean version) and a marked version is found in Appendix 1. We respectfully ask the examiner to include this amendment. Please note that this CPA application originally includes 6 independent claims and with this amendment, total independent claims now stands at 4.

We submit that this amendment is patentable over Rosen as said has no teaching of our reverse method using transaction codes to detect for human submission.

29. A merchant payment method over a network comprising:

receiving a request for payment for good or services by purchaser and responding by generating dynamic transaction code to purchaser;

displaying said transaction code to purchaser and requesting purchaser to manually re-submit said transaction code;

receiving said re-submitted transaction code by purchaser;

authenticating said re-submitted transaction code to provide an indication of human submission when authenticating is approved; and

wherein transaction codes are not economic representation.

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In particular, we submit that Rosen did not teach of merchant server generating/sending codes when receiving payment and our transaction codes are not economic representations. The examiner did not provide any evidence/motivation to show why one skilled in the art would modify to show our non economic representation codes nor why a payee (merchant) would generate and send codes to purchaser upon receiving a request for payment. The examiner also did not provide a motivation to show the need for detecting for human submission nor is this problem found in Rosen. We also further submit our rebuttal under "Alleged Prior Art in Background Art by Applicant" where necessary to rebut the examiner's obviousness rejection using our imaginary prior art.

Claims 30 have also been amended accordingly to reflect a different class to dependent on Claim 29 as shown in Appendix 1.

Claim 31 remains the same albeit now depending on a different subject matter as found in Claim 29 as shown in Appendix 1.

<u>As per Claims 14, 18, 23</u>

This is a 103(a) rejection. We respectfully transverse this rejection.

We have grouped all claims 14,18,23 as they have the same elements except for different classes where Claim 14 is the representative. As we have provided above, claims 13,17, 22 are allowable and hence the dependent claims should also be allowed. The following response is based on the claims 14,18,23 on their own merits which the applicant is submitting as non-obvious over Rosen.

Turning to the respective elements, the applicant disagrees that Rosen shows the following elements;

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**".. a step of storing and linking prepaid card amount to a user account identifier in the host server over a network comprising:"**

Firstly, Rosen did not teach of using a prepaid card (also see Rosen's teaching against prepaid card – Col 2, line 17-30) and instead teach of using of claimable deposits from a bank which is downloaded to device for later transfer/payment. The difference between funds from a deposit account made claimable and prepaid funds was not appreciated by the examiner.

In Rosen, account identifier if it exists could only be found in the device being assigned a network/serial number but this is not the same where user can link money in a prepaid card to their account identifier of their choice ( See our previously cancelled claim 3 detailing the user has the option to choose their own). Rosen taught the subscriber's module identifier ('as a serial number') to be one fixed in the module by issuing bank or module provider and its never changed ( Col 12 line 30-33) and as an example, Rosen pointed to applying this serial number in the form of a subnetwork as identifiable by the local network 16,17,18. ( Col 18 Lines 11-19). In short, this identifier is not chosen by the user but allocated by the service provider (bank) under its various network protocol similar to IP addresses (say 127.0.0.1). The function of this 'module identifier' in Rosen is to provide address identification over a network and not as claimed here for linking funds to an account identifier. This simply means the difference between an address and a name in layman understanding. As mentioned since all stored value in our claim are found in a database, this inherently means they have the same address (being the host server's IP) albeit different identifier accounts similar to post office boxes.

**"prompting user to enter security code associated with the prepaid card"**

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Given our step requires user to enter security code from prepaid card, Rosen fails to show both element being prepaid card/security code and enter by user. It is also unlikely that the Module in Rosen could inherently work with a prepaid card given it has already stored its funds drawn from a bank. Structurally, Rosen's modules are said to be implemented programmatically or by direct electrical connection etc. Our prepaid card is a simple paper or plastic with at least a hidden security code ( See our Fig 5) in text without any known circuitry. Our card could not be slotted into any device or has electronic connections etc as found in Rosen ( Col 10 line 6-24).

**"receiving security code"**
**"determining if the security code is valid"**

Obviously these elements are not met by Rosen given there is no prepaid card or associated security code.

**"determining if any identifier account is associated with the security code;"**

Even if identifier account exists in some form as found in Rosen embedded in a device (unlike ours claim found in a database at host server), one could not find security code as prepaid card was never used in Rosen. As mentioned, previously Rosen actually teach the weakness of prepaid card to allude his novelty in using deposits in lieu.

**"if there is no account identifier associated with said code then prompt user to enter a unique user account identifier, password, storage period and currency to be stored;"**
**"determining said user account identifier and password for uniqueness against other stored user account identifiers and passwords;"**

As mentioned, the account identifier is provided by user and not as the assigned subnet address (module identifier) by the bank in Rosen. Similarly there is no storage period and currency variables to be entered by user. Rosen's claimable deposits are downloaded as an electronic token signed by each bank and even if there is a storage period this would be determined by the bank ( Col 19, line 58 –date of expiration, Col 20 line 22-25 ) and not by the user. Even if it is well known in the art to provide an expiry date for prepaid cards, it is not well known for user to select their own expiring date for their stored funds drawn from said prepaid card.

Similarly while Rosen teach of exchanging currency where the user could nominate a type of currency to be downloaded to module from their deposit account, it is not well known to do so by converting to another currency from original currency found in prepaid card in view of linking to an account identifier.

**"Calculating the stored value;"**

**"Output stored value to user;"**

Our invention incorporates a unique way to store value drawn from a prepaid card as detailed in Claim 26. Nothing in Rosen specifically deals with calculating the stored value and output to user. The examiner provided no explanation to show how this is obvious and/or anticipated. Even in an obviousness rejection, all elements must be found.

The resultant is that the stored value may be different depending on user's preferences from that in the original face vale of card at activation ('floating') is not obvious. As shown in Stimson (US 5,577,109) previously, the teaching is one of storing the exact value on activation ( Stimson Col 5 line 67 ). No motivation to modify was articulated by the examiner.

**"if said user account identifier, password combination is unique and stored value is acceptable to user then add said account identifier and password into database linked with the stored value amount; "**

Similarly the above steps are not found in Rosen given each element: account identifier, password combination are of user own choosing so to enable the linking process to complete.

The motivation/ reasons factors to sustain a 103(a).

The examiner asserted that Rosen did not recite " **if said user account identifier, password combination is not unique and stored value is acceptable to user then link the stored value amount to said existing user account identifier and password in the database; and (herein step 1)**

**whereby upon completion of storing and linking said prepaid card is valueless. " ( herein step 2)**

For step 1, the examiner reasoned that "it would have been obvious to one of ordinary skill in the art at the time the invention was made to include linking the account because it would serve to thwart any possible fraudulent use of an existing user's account upon the pretext of adding more stored value to it and activating a new prepaid card. "

Firstly, Applicant respectfully disagrees with the Examiner's assertion that this is obvious. The examiner provided no evidence or cited references to support this contention. If the examiner had use his own personal knowledge then we have to call for evidence under 37 CFR 1.104(d)(2). Even if it is old in the art, it is not well known to provide for a method of storing funds by linking prepaid card amount to an user created account identifier in the host server over a network as claimed.

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The examiner articulated that linking the account is to thwart possible fraudulent use of an existing user's account being obvious. The examiner did not articulate how by linking to an account by itself, this could thwart fraudulent use in light that this step is actually to ADD funds.

Adding of funds

We respectfully disagree with the examiner as the claim matter here is for adding of funds to an existing account identifier with a new prepaid card. Firstly what possible fraudulent act could be accomplished by adding more funds to the account ? Secondly could linking an account identifier prevent these undefined fraudulent acts ? The examiner provided no evidence to support these contentions.

The question is why would a potential fraudster pay for a prepaid card and pretend to add more stored value to compromise an unsuspecting account holder ? The examiner did not explain how this could be accomplished. Furthermore, the motivation to commit a fraud must assume the fraudster has knowledge of the value in the account to be more than the value of his prepaid card. And the only way that a fraudster gaining this knowledge is by either being the owner of the account or he has illegitimate access to it. As we mentioned our database has many users' accounts so it must also means the fraudster could penetrate the system in order to identify those accounts which are more valuable.

Now if he has illegitimate access to these accounts, this means he must also have the account identifier and password as this is the key to accessing these accounts. If the fraudster already has the identifier and password why purchase a card to add value ? And if this is true isn't linking the account with a password and identifier is the weakest link since it is easier to crack some human enabled password than the security code generated by a machine on the card.

Even if the card is stolen (without paying for it), the fraudster could use the card directly without linking it to the account for payment purposes. As we mentioned the card is convertible being able to be used by itself (security code ) or with an existing account identifier. So if a fraudster has stolen a new card, he can use it directly by applying the security code on the card. There is nothing to suggest that the prepaid card must be activated together with an existing user account for usage. And certainly without linking to an account does not mean the prepaid card could not be used. Therefore the suggestion for linking to an account on the basis that it could thwart any possible fraudulent acts is not sound.

Similarly, this motivation is not found in Rosen. If it is found then it must suggest that Rosen's modules' security is weak such that it is desirable in Rosen to modify by linking to an account identifier notwithstanding the fact that Rosen's 'stored value' is downloaded from a deposit account. The examiner provided no evidence here. If this is within the examiner's personal knowledge, then we respectfully call for evidence under 37 CFR 1.104(d)(2) to show this same proposition.

How safe is it to link stored value to user's account ?

As mentioned above, we are uncertain what possible fraudulent use could be prevented by linking to an account identifier. We can only guess that once an intruder having gained access to the existing user's account by knowing the account identifier and password, he can transfer the funds out of the account as a possible motive. In effect, having this feature of linking to account identifier with stored value derived from a prepaid card (instead of using security code - prelinking) would make it easier for fraudulent uses rather than thwarting fraudulent uses.

This is because human beings require simple words or recognizable words (for account identifier or password) capable of remembering at will while machine can store complex data beyond the capability of an ordinary human. This is the same reason why digital certificates are used for as they consist of long and complex bits in lieu. Therefore, these human enabled passwords could be guessed by intruders over a network is well known in the art of cracking. In fact, not having this linking feature is safer since the intruder has to physically steal a prepaid card with the security code rather than deploying remotely various cracking software for user/pwd, the easier option.

As we mentioned, the linking of an account identifier to a prepaid card's stored value is so that payment could be done easily without having to carry the card or to remember the security code (as the case in Stimson). This convenience means lower security and would not be obvious in view of wanting higher security. In fact, by using an account identifier and password, the user is sacrificing security for freedom to make payment without the prepaid card. Rosen already taught of using digital certificates during initialization of session between two modules and the payment is synchronized by Subscriber Application 33, one to direct payment while the other issuing an entitlement to receive payment. ( Col 49 lines 14-19). There is nothing in Rosen to suggest that this Application 33 is not convenient or fail to thwart fraudulent uses such that an account identifier is seen as desirable. And the examiner provided no motivation to modify Rosen to reach our claimed invention. If this is within the examiner's personal knowledge, then we respectfully call for evidence under 37 CFR 1.104(d)(2) to show this same proposition.

Stronger Protection.

The examiner had alternatively suggested higher security as a reason for an activation method in view of Rosen (See page 14 of Action Letter). We are unsure what activation method the examiner is referring to as this Claim is for storing and linking to an account identifier. Activating a prepaid card has no relation to storing and linking to an account

identifier. Once a new prepaid card is activated, it only means it can be used with the security code. But to use an account identifier, then the card has to be linked to said account identifier which is the subject matter of this claim. Furthermore, there is no evidence of Rosen ever using a prepaid card with his invention as practiced so why would an activation method be obvious in Rosen ?

Therefore, we assume that the examiner had mistaken 'activation method' to mean 'storing and linking to account identifier method' and accordingly our rebuttal below is to show that said linking method is not obvious in view of Rosen and what is known in the art.

Storing of funds

Rosen's module (namely modules 4,5,6 in Fig 2) is already configured for creating, downloading, storing and transferring electronic notes (col 8 line 1-10) rather than linking stored value in a database to account identifier cum password. The withdrawal process as it is known in Rosen is not similar or inherently shows our claim ( Rosen Col 9, line 19-24) and requires interacting with the teller money module 5 (bank) by transferring the electronic notes, not found in our claim by applying a prepaid card. No linking to account identifier is shown as Rosen teach of using module identifier using subnetwork protocol.

Rosen actually uses a proxy 'module identifier' which may be "serial number " and is never changed ( Col 12 line 33) embodied in the money module and not as per our claim in the server wherein identifier created by user of his own choosing. However, Rosen also use digital certificates and encryption in modules on presentation or transaction. Surely these are more secure than using account identifier cum passwords in view of security. If the motivation is one of stronger security then why use account identifiers and passwords ? This is the weakest of all the security requirements as compared to encryption keys, certificates etc. Rosen already taught of using PIN, finger-print reader, voiceprint

analyser, biometrics (Col 11, line 15-20), answer/question challenge ( Col 11, line 21-29) which are well known in the art to provide 'stronger' security for transactions between modules.

The question here is why would one skilled in the art consider modifying a sophisticated process where money tokens are signed and verified by a certificate authority for download to a module plus exchanging certificates for transaction between modules to one simply using an account identifier & password as a means for storing and for transactional purposes ?

For a 103(a) rejection, the suggestion must be found in the prior art. See Kolmes v. World Fibers Corp., 107 F.3d 1534, 1541, 41 USPQ2d 1829, 1833 (Fed. Cir. 1997) (Invention was not obvious where there was no suggestion or motivation to modify teaching of reference.)

To rely on stronger protection as the motivation to one skilled in the art, the examiner would need to show that our method is well known as the desirable 'stronger' alternative as compared to modules using certificates issued by Certification Agency 28 coupled with encryption for data-transmission and identifier set by service provider. Neither is articulated which is not the standard to show obviousness.

Even if our linking method is more secure, there is no reason shown by the examiner that the modules method taught by Rosen is insecure and hence obvious to associate it with an identifier and password to do so. Therefore we have to call for evidence under 37 CFR 1.104(d)(2) to show this same proposition. See also Zurko, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the

examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding.

....Prepaid card is Valueless.

The examiner provided no reason or motivation for prepaid card being valueless upon completion of storing and linking. The examiner has failed prima facie to show this element as being obvious in view of Rosen. In particular which thing in Rosen could be render valueless as there is no prepaid card in Rosen.

If there is no prepaid card in Rosen ( as we asserted ) could these modules suggest to one skilled in the art that it should be made valueless upon storing the funds or alternatively the deposit account to be valueless ? Even when obviousness is based on a single prior art reference, there must be a showing of a suggestion or motivation to modify the teachings of that reference. See B.F. Goodrich Co. v. Aircraft Breaking Sys. Corp., 72 F.3d 1577, 1582, 37 USPQ2d 1314, 1318 (Fed. Cir. 1996).

The examiner provided no evidence where or how or which element in Rosen could be made valueless. We consider the deposit account first. This means at each download to user's transaction module, the deposit account would have to be valueless at the end to reach our claim. We submit, this is impractical unlike a prepaid card ( missing element in Rosen) as it means the user has to close the deposit account after each download and hence undesirable. Remember Rosen taught of claimable deposits which means the e-money in the modules are claimable on the deposit account after download. If one make this account 'valueless' then how do one claim the deposit later ? If it is undesirable then there is no motivation.

If the modules are alternatively suggested to meet our prepaid card then could they be valueless at the completion of the linking and storing ? This also does not make sense

given Rosen's entire teaching is dependent on the modules to store electronic funds 11 for transaction after downloading from deposit account. We respectfully submit that the motivation do not lend support to step 1 and 2 above.

Conclusion

Our method is to easily linked the funds from a prepaid card so to enable the user to make transfer or payment easily without having to remember the security code from the prepaid card, hence the cards are valueless once stored and linked. The same cannot be said of Rosen given that the modules are retained for transactions and surely as mentioned, the deposit accounts could not be made valueless as said deposit is still needed for claiming later.

Therefore, our conclusion is stronger protection could not possibly be the motivation found in Rosen as there is no evidence that its protection is weak as known in the art. There is also no evidence to show our account identifier cum password is well known in the art to provide stronger protection over what is known in Rosen. Furthermore there is no evidence to show our linking to account identifier method and in particular storing of funds using a storage formula ( missing from Rosen ) in a database actually provides stronger protection or that such feature could thwart fraudulent use of an existing user account on pretext of adding funds. The examiner has also not provided any reasoning to show our element of a valueless prepaid card at completion. The examiner had therefore used impermissible hindsight and we submit that the claims 14, 18, 23 are patentable over Rosen and what is known in the art.

In summary, while Rosen taught of device to device/modules identifiers stored in money modules, there is no teaching of user able to link stored funds from prepaid cards to the modules or how this could be achieved. Rosen only teach of electronic money representation 11 having claims from deposits or credit being stored in the module. No

calculation of stored value is known which the examiner admitted at page 14 for claims 26-28 by referencing the stored value formula. In short if no formula can be found, then it is equal to admitting no step in calculating the stored value in Claim 14,18, 23 since the calculating step requires the formula. The merit of the formulation for claims 26-28 will be discussed below. Lastly the examiner alluded to our own admission of our own invention as being prior art and hence lends support to combine with Rosen. We have previously rebutted this as in above under "Alleged Prior Art in Background Art by Applicant ".

We respectfully submit that these claims be allowed.

Claims 26-28

This is a 103(a) rejection. We respectfully transverse this rejection.

Claim 26 is dependent on Claim 14 while Claims 27 and 28 are dependent on 26 and the difference only being the class. Therefore, we will use Claim 26 as the representative here. As we mentioned Claim 26 is dependent on 14 and hence incorporates all its limitation which we have submitted to be patentable. Claim 14 is in turn dependent on Claim 13, which we already submitted as patentable.

Claim 26 details calculation of stored value includes associated factors/variables.

As an initial matter, the examiner wrote "Rosen does not describe the formula used in a currency exchange operation as recited. ". We submit this is misguided as our formulation is not only for currency exchange but more importantly to store value drawn from the prepaid card.

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Referring now to Claim 26's on its own merit, the examiner asserted that it is well known in the art that fees and/or cost for services vary based on many factors etc.

For convenience, we have restated the examiner's rejection in quotation "However it is well known in the art that fees and/or costs for financial services rendered by institutions to clients vary from institution to institution and also from client to client within each institution, depending on many factors, including the size of the institution, its business goals, the desirability and loyalty of the client to the institution, etc. A conversion rate would follow the same principles and would inherently be different from institution to another, and maybe for one client versus another within an institution. Therefore it would have been obvious to one ordinarily skilled in the art to use a conversion formula structured as recited in these claims in order to reward clients for loyalty, amount of past business, and other positive factors and provide them incentives for continued patronage of each such institution." (end of quote)

We respectfully disagree since the examiner did not provide any evidence or cited reference to support this contention. The examiner did not explain the specific understanding or principle within the knowledge of one skilled in the art that would motivate with no knowledge of our claimed invention.

While these individual elements are old in the art, it may not be well known to express it as taught by our specification for stored funds value linked to an account identifier (reading the claim as a whole which details a formula including multiplication factor and not merely the elements in the formula) as reiterated in part below.

Stored value = B * D* L * C* R

The examiner did not evidence how a conversion rate is found to follow the same principles nor is it known in the art to use a conversion rate for charging fees. If it is not

known in the art to show varying fees are capable of being formulated using conversion rates, then this appears to be from the examiner's personal knowledge. See also Zurko, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. (see 37 CFR 1.104(d)(2))

Given there is no teaching in Rosen and no evidence by examiner or shown from known art, it is clear that the examiner has defined the problem in terms of its solution. In short, the examiner saw the solution for varying fees between institution and clients and made that as a basis to find similar process such as 'conversion rate' and to conclude that it follow the principle. Orthopedic Equip. Co. v. United States, 702 F.2d 1005, 1012, 217 USPQ 193, 199 (Fed. Cir. 1983) ("It is wrong to use the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to achieve [a desired result].").

Furthermore, this "would follow the same principle " qualification is not the proper standard of obviousness as it implies some possibilities. There is no scientific fact or business rule to show this qualification nor did the examiner evidence any authority. The test of obviousness is not one of probability or possibilities but one of evidence and facts to prevent falling into the trap of hindsight. The standard of review applied to findings of fact is the "substantial evidence" standard under the Administrative Procedure Act (APA). See In re Gartside, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000). Merely identifying conversion rate and asserting this would follow the same principle without substantial evidence is simply hindsight analysis.

**Application number:** 09/396005 **Art Unit:** 3621
**Applicant:** Khai Hee Kwan **Examiner:** James A Reagan
**Title:** Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

As noted by the court in In re Ahlert, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be "capable of such instant and unquestionable demonstration as to defy dispute" (citing In re Knapp Monarch Co., 296 F.2d 230, 132 USPQ 6 (CCPA 1961)). The examiner stated that the conversion rate would inherently be different from institution, and maybe for one client versus another within the same institution. The examiner provided no evidence of this and cited no reference. If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support this contention. (see 37 CFR 1.104(d)(2)).

In short, not only, one skilled in the art must be able to identify the characterization of the formula described in our claim instantly as obvious from knowing fee/cost variables and conversion rate but also how each of these fee conversion rate could be manipulated and identified . The examiner provided no evidence of this and this is not known in the art.

Even if one skilled in the art could understand the principle based on a conversion rate with no knowledge of our claimed invention as asserted by the examiner, this is not sufficient as there is no evidence one skilled in the art can reach a formulation appropriate to show fees being varied without undue experimentation. Furthermore, there is still the need for a motivation.

Motivation.

Even if the same principle found in a conversion rate would follow, there is no evidence to show that one skilled in the art will be motivated to apply to reach our claimed invention. The examiner had earlier stated that its obvious to charge fees which varies depending on institution and clients and this reveals a conversion rate since the latter also shows variation between clients and institution. So even if fees could be varied by

manipulating a formulation structured from conversion rate but what motivation could then be found to show a stored value formulation ? We find the stated motivation of rewarding clients is unrelated since this would not motivate to show a stored value formulation.

A motivation or teaching is required for an obviousness rejection. This factual question of motivation is material to patentability, and could not be resolved on subjective belief and unknown authority. It is improper, in determining whether a person of ordinary skill would have been led to this, simply to "[use] that which the inventor taught against its teacher." W.L. Gore v. Garlock, Inc., 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983). As we mentioned this motivation was not found in Rosen. The examiner stated motivation is in order to reward clients for loyalty, amount of past business and other positive factors and provide them incentives for continued patronage of each such institution. The examiner provided no evidence or cited any reference to support such contention to reach our stored value formulation. If this is personal knowledge, then we have to call for evidence under 37 CFR 1.104(d)(2) to show this same proposition.

We submit that if the motivation is to reward the customer then it is not necessary to use a conversion rate. For example well known strategies includes providing higher deposit rates, lower borrowing cost for preferred customers, rewards points program, lower transaction fees are well known in the art. There is no reason for these incentives to take the form of a conversion rate or formulation as claimed. The examiner provided no evidence why one skilled in the art would modify known incentives as mentioned above to reveal a stored value formulation. In short, no particular advantage can be found to use such a stored value formulation over known incentive programs.

In short, while one can charge a fee or provide reward for customer loyalty by programmable routine, that by itself does not show a need for a conversion rate nor further to reveal a stored value formula for a prepaid card (B), cost of money (C) and

flexibility of currency stored ( R). The pertinent point is not only to show a need for a desirable formula for execution incorporating elements such as cost of money, currency, storage period, loyalty but more importantly how these elements identify and combined to reveal a stored value formula. Examiner also stated 'other positive factors' but did not state what factors or evidence how these factors are inherently found in elements B,C,R.

Further assuming an incentive formulation to reward customers could be found, how is this related to a stored value formulation, the subject matter relevant only to linking an account identifier to storing value drawn from a prepaid card ? What motivation could be found for one skilled in the art in view of a reward formulation to modify to show our stored value formulation ? The examiner did not articulate a reason here and appears to assume our formulation is merely for rewarding customers when it also incorporates elements revealing storage, currency factor and cost of money factors. This implicitly means the examiner failed to recognize the different subject matter in view of the whole claim and had used our solution to formulate this rejection.

Based on the two legs of our rejection 1) unsupported personal assertion and 2) lack of evidence of teachings or demonstrable motivation, we respectfully call the examiner to allow Claims 26-28.